

BOARD LETTER – SUMMARY SHEET
HEALTH AND MENTAL HEALTH SERVICES CLUSTER

AGENDA REVIEW	May 25, 2016
BOARD MEETING	June 28, 2016
SUPERVISORIAL DISTRICT	All Supervisorial Districts
DEPARTMENT	Department of Mental Health (DMH)
SUBJECT	HEARING ON PUBLISHED CHARGES FOR FISCAL YEAR 2016-17 (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)
PROGRAM	DMH Financial Services Bureau
DEADLINES	June 30, 2016
COST & FUNDING	There is no net County cost impact associated with the recommended action.
PURPOSE OF REQUEST	Approval of the recommended action will allow the Department of Mental Health (DMH) to make effective its proposed Published Charges for use in billing the general public and third party payors for mental health services provided by DMH directly operated clinics, as permitted by law. The use of Published Charges ensures that claims for services rendered by DMH directly operated clinics to Medi-Cal eligible clients are not less than or exceed DMH's projected costs for FY 2016-17, thereby maximizing Short-Doyle/Medi-Cal program (SD/MC) reimbursement.
SUMMARY/ ISSUES (Briefly summarize program and potential issues or concerns. Identify changes, if any, to level of funding or staffing; how funding will be utilized and why best use; prior accomplishments; and for BLs involving contracts, also note changes to the contract term.)	<p>The California State Plan provides that SD/MC services are to be paid at the lower of costs or customary charges (or published charges), which is consistent with federal Medicare regulations. Clients receiving mental health services at DMH directly operated clinics receive financial screening. Claims for Medi-Cal eligible clients resulting from the DMH financial screening process are submitted to the State and reimbursed based on the lesser of either actual cost of care or the DMH Published Charges.</p> <p>The Published Charges for FY 2016-17 were developed based on the FY 2013-14 Annual Cost Report that was adjusted by three years' worth of the federal Home Health Agency Market Basket Index, which is used as a proxy for inflation. This allows DMH use of the most recent Cost Report submitted to the State as the basis for its rate setting and should assure that Charges are high enough to avoid an audit disallowance, but not so high that they disadvantage persons who must pay them.</p> <p>The recommended Published Charges will become effective July 1, 2016. Failure to increase existing Published Charges may result in reductions in SD/MC reimbursement and cause DMH to be reimbursed less than its cost. Because virtually all uninsured DMH patients pay less than Published Charges as a result of the application of the Uniform Method of Determining Charges established by State law, the charge increase is not expected to negatively impact the public.</p>
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